of the coming American system (*e.g.*, pp. 3, 36, 53, 119-120, 144, etc.). Important as that function is, our monetary habits are not likely to undergo a change which would give rise to a decided preference for notes over deposits as means of payment. (2) The safeguarding of the National Reserve Association from selfish exploitation by political and financial interests is, in the author's opinion, amply provided for. No other part of the plan has been so carefully considered. The pessimism which denies that men of great ability and public spirit can be found to operate a centralized system with an eye single to the general welfare is, he insists, disproved by European experience. A district or zone system would present the same difficulties without the greater advantages of a centralized one. The author on this point presents a fair though not wholly convincing argument. (3) It is in his analysis of the European money market and of our need for the development of one that Mr. Bendix is at his best. Familiarity with experience on both sides of the Atlantic gives him a vantage ground from which he writes with clearness and force.

While the volume affords nothing new for the student of money and banking, it gives economists and the public a convenient and welcome systematic presentation of the more important facts and principles connected with the agitation for banking reform. The appendix contains the commission's plan and illustrative statistical tables.

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The Standard of Value. By SIR DAVID BARBOUR. (London: Macmillan and Company. 1912. Pp. xvi, 242. $2.00.)

Logically, this book may be divided into three parts. The first, covering one half of the book, is devoted chiefly to a discussion of the elementary principles of money and credit with particular reference to the quantity theory of money which, the author says, "rightly understood ought never to have been challenged." The second part, covering chapters 12 to 15 inclusive, about one fourth of the book, is concerned mostly with the history and philosophy of the gold and silver controversy. Here the philosophy of money propounded is essentially that of the orthodox international bimetallist. The first three fourths of the book is for the most part elementary. It is of value, however, to the economist in that it shows the philosophy of money held by the

man who was Financial Member of the Council of the Governor-General of India during the years 1888 to 1893, and was more largely responsible than any one else for the program of monetary reform inaugurated in 1893. The economist's chief interest will be in the last fourth of the book, particularly chapters 16 and 17. Here are to be found an authoritative description of the Indian currency reform and a first-hand explanation of the motives of the government's actions in the reform's initial stages.

From these latter chapters, it appears that to the mind of Sir David Barbour the silver standard in India was fast becoming intolerable because of the rapid appreciation of gold. He was convinced that international bimetallism afforded the best solution of the problem both in the interest of India and of the rest of the world. By 1891, however, "it became evident . . . that the bimetallic controversy . . . would probably end by the abandonment of silver as a standard of value and the universal adoption, sooner or later, of the single gold standard" (p. 182). It seemed to him that the United States must soon discontinue its purchases under the Sherman act, and that if India was to close her mints at all, she should do so before the cessation of these purchases should cause a further disastrous decline in the gold price of silver (pp. 184-5).

Having decided that it was desirable to close the mints and to go over to the gold standard he was confronted with two other important questions: What gold par should be adopted and how should it be attained? The author's attitude on these questions was on the face of it one of extreme conservatism: it was to do nothing for a while and see what happened. The possible evil results of an indefinite and uncertain policy, however, in the matter of a rapidly changing unit of value may mean that such a policy is anything but conservative. The reviewer believes that such was the case in the two currency reforms in which Sir David Barbour actively participated, that of India in 1893 and that of the Straits Settlements ten years later. The book under review is a defense of such a policy.

The author's objections to the definite policy of going over to the gold-exchange standard at once, according to the Lindsay scheme, by borrowing money for a gold reserve, and declaring fixed rates at which sterling drafts would be sold in India for rupees and rupee drafts sold in London for sterling, were: (1) the expense of borrowing funds for such a reserve; (2) the uncertainty as to the amount needed and the resulting danger that

the reserve when once accumulated might be exhausted before parity was firmly established thus discrediting the attempt to introduce the gold standard; and finally (3) the belief that the Home government would be liable to reject such a plan.

When one considers the great advantage of promptly stabilizing exchange at the 16d. par in 1893, these objections do not appear to be conclusive. India's financial burdens were of course heavy; their growth, however, would be checked by the fixing of exchange; her credit was good, her sterling debt being quoted at rates representing interest of only slightly above three per cent. A reserve fund of £15,000,000 under the gold-exchange standard would probably have been sufficient in 1893. To be on the safe side the Indian government should have secured authority to extend the loan to £25,000,000 in case of need. There is no adequate evidence that India could not have stood a temporary increase in her interest burdens of from half to three quarters of a million pounds a year which such a loan would have occasioned. In the year 1893-1894 India's total sterling payments on account of interest and annuities amounted to £8,231,012, the bulk of which was on account of railways, irrigation works, and other productive improvements. The great increase in the demand for rupees in subsequent years would soon of itself have built up a strong gold reserve; and long before the present time seigniorage profits, profits on exchange, and interest on that part of the reserve left in London would have enabled a reduction in the gold-standard debt—if not its entire payment—to a point where it would have ceased to be burdensome. As to the objection that the Home government would have rejected such a proposition if made by the government of India, the obvious reply is that that would have been the responsibility of the Home government. If this was ideally the best plan the government of India should have recommended it, suggesting, if it were thought desirable in the interest of results, the other plan as a second choice.

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Prices, Price Indexes, and Cost of Living in Australia. By G. H. Knibbs. (Melbourne: Commonwealth Bureau of Census and Statistics. 1912. Pp. 160.)

The report by Mr. Knibbs on prices and cost of living in Australia brings an authoritative statement on this subject by a writer who is already favorably known to American economists.